



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2004  
OF THE CONDITION AND AFFAIRS OF THE

Upper Peninsula Health Plan, Inc.

NAIC Group Code	0000	NAIC Company Code	52615	Employer's ID Number	38-3379956
(Current Period)		(Prior Period)			
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan
Country of Domicile	United States of America				
Licensed as business type:	Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]				
	Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [ ]				
	Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [ ] No [ X ]				
Incorporated	10/14/1997		Commenced Business	08/01/1998	
Statutory Home Office	228 W. Washington St.			Marquette, MI 49855	
		(Street and Number)		(City or Town, State and Zip Code)	
Main Administrative Office	228 W. Washington St.				
	Marquette, MI 49855		906-225-7500		
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	228 W. Washington St.			Marquette, MI 49855	
		(Street and Number or P.O. Box)		(City or Town, State and Zip Code)	
Primary Location of Books and Records	228 W. Washington St.				
	Marquette, MI 49855		906-225-7491		
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	www.uphp.com				
Statutory Statement Contact	Patrick N. Thomson CPA			906-225-7491	
			(Area Code) (Telephone Number) (Extension)		
	pthomson@uphp.com			906-225-7690	
		(E-mail Address)		(FAX Number)	
Policyowner Relations Contact	228 W. Washington St.				
	Marquette, MI 49855		906-225-7500		
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)	

OFFICERS

Name	Title	Name	Title
Dennis H. Smith	President	Greg A. Gustafson	Treasurer
William Nemacheck	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

John Schon	James Bogan	William Nemacheck	Wayne Hellerstedt
David Hartberg	Robert Vairo	David Rencher	Michelle Tavernier
Eric Jurgensen			

State of .....Michigan.....  
County of .....Marquette.....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis H. Smith President	William Nemacheck Secretary	Greg A. Gustafson Treasurer
Subscribed and sworn to before me this 25 day of February, 2005	a. Is this an original filing? Yes [ X ] No [ ] b. If no, 1. State the amendment number 2. Date filed 02/25/2005 3. Number of pages attached	
Tanya M. Jennings Executive Assistant October 11, 2007		

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	25,145		25,145	45,257
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....10,684,841 , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short-term investments (\$ .....980,922 , Schedule DA).....	11,665,763		11,665,763	9,531,955
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets (Schedule BA) .....	0	0	0	0
8. Receivable for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	11,690,908	0	11,690,908	9,577,212
11. Investment income due and accrued .....	21,250		21,250	6,522
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....			0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....			0	0
13.2 Funds held by or deposited with reinsured companies .....			0	0
13.3 Other amounts receivable under reinsurance contracts .....			0	0
14. Amounts receivable relating to uninsured plans .....			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
15.2 Net deferred tax asset.....			0	0
16. Guaranty funds receivable or on deposit .....			0	0
17. Electronic data processing equipment and software.....			0	26,572
18. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	72,544
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
20. Receivables from parent, subsidiaries and affiliates .....			0	0
21. Health care (\$ ..... ) and other amounts receivable.....	375,106		375,106	2,001,935
22. Other assets nonadmitted .....			0	0
23. Aggregate write-ins for other than invested assets .....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	12,087,264	0	12,087,264	11,684,785
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	12,087,264	0	12,087,264	11,684,785
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	6,555,000		6,555,000	5,742,030
2. Accrued medical incentive pool and bonus amounts	147,000		147,000	0
3. Unpaid claims adjustment expenses	173,000		173,000	157,970
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	2,016		2,016	950,495
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))	75,045		75,045	527,020
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	6,952,061	0	6,952,061	7,377,515
23. Common capital stock	XXX	XXX	3,261,670	3,261,670
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX		0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	1,873,533	1,045,600
29. Less treasury stock, at cost:				
29.1 ..... shares common (value included in Line 23 \$ ..... )	XXX	XXX		0
29.2 ..... shares preferred (value included in Line 24 \$ ..... )	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	5,135,203	4,307,270
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	12,087,264	11,684,785
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701. ....	XXX	XXX		
2702. ....	XXX	XXX		
2703. ....	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	314,959	311,820
2. Net premium income (including .....0 non-health premium income).....	XXX	48,527,416	46,490,976
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	48,527,416	46,490,976
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		24,177,230	22,297,725
10. Other professional services .....		4,162,188	4,094,817
11. Outside referrals .....			0
12. Emergency room and out-of-area .....		1,802,763	1,654,627
13. Prescription drugs .....		8,867,152	11,561,109
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		147,000	0
16. Subtotal (Lines 9 to 15) .....	0	39,156,333	39,608,278
<b>Less:</b>			
17. Net reinsurance recoveries .....		87,395	0
18. Total hospital and medical (Lines 16 minus 17) .....	0	39,068,938	39,608,278
19. Non-health claims .....			0
20. Claims adjustment expenses, including \$ .....0 cost containment expenses.....		1,262,553	2,409,770
21. General administrative expenses.....		7,163,522	3,209,934
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	47,495,013	45,227,982
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	1,032,403	1,262,994
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	142,810	142,810	78,736
26. Net realized capital gains (losses) .....			91
27. Net investment gains (losses) (Lines 25 plus 26) .....	142,810	142,810	78,827
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	1,175,213	1,341,821
31. Federal and foreign income taxes incurred .....	XXX	411,321	527,020
32. Net income (loss) (Lines 30 minus 31) .....	XXX	763,892	814,801
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) .....	XXX	0	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above) .....	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
33. Capital and surplus prior-reporting period .....	4,307,270	3,007,287
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS:</b>		
34. Net income or (loss) from Line 32 .....	763,892	814,801
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Net unrealized capital gains and losses .....		0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....		0
39. Change in nonadmitted assets .....	15,096	(10,658)
40. Change in unauthorized reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....	49,068	(4,438)
44. Capital Changes:		
44.1 Paid in .....		500,000
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....		0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....		0
47. Aggregate write-ins for gains or (losses) in surplus .....	(123)	278
48. Net change in capital & surplus (Lines 34 to 47) .....	827,933	1,299,983
49. Capital and surplus end of reporting period (Line 33 plus 48)	5,135,203	4,307,270
<b>DETAILS OF WRITE-INS</b>		
4701. Bond amortization adjusment.....	(112)	278
4702. Equity adjustment.....	(11)	0
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(123)	278

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	50,146,746	46,955,758
2. Net investment income .....	136,355	79,411
3. Miscellaneous income .....	0	0
4. Total (Lines 1 to 3) .....	50,283,101	47,035,169
5. Benefits and loss related payments .....	39,363,720	39,045,489
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	8,159,464	4,658,168
8. Dividends paid to policyholders .....		0
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses)	863,296	0
10. Total (Lines 5 through 9) .....	48,386,480	43,703,657
11. Net cash from operations (Line 4 minus Line 10) .....	1,896,621	3,331,512
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	20,000	470,000
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	1,227,917	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	484,639
12.7 Miscellaneous proceeds .....	112	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	1,248,029	954,639
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	0	0
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	1,010,628	0
13.6 Miscellaneous applications .....	0	484,730
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	1,010,628	484,730
14. Net increase (or decrease) in policy loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	237,401	469,909
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	500,000
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied).....	(123)	(4,749)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6) .....	(123)	495,251
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17) .....	2,133,899	4,296,672
19. Cash and short-term investments:		
19.1 Beginning of year .....	9,531,864	5,235,192
19.2 End of period (Line 18 plus Line 19.1).....	11,665,763	9,531,864

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Upper Peninsula Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	48,527,416	.0	.0	.0	.0	.0	.0	48,257,859	.0	.0	.0	269,557	.0
2. Change in unearned premium reserves and reserve for rate credit	.0												
3. Fee-for-service (net of \$ medical expenses)	.0												
4. Risk revenue	.0												XXX
5. Aggregate write-ins for other health care related revenues	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7. Total revenues (Lines 1 to 6)	48,527,416	.0	.0	.0	.0	.0	.0	48,257,859	.0	.0	.0	269,557	.0
8. Hospital/medical benefits	24,177,230							24,042,932				134,298	XXX
9. Other professional services	4,162,188							4,139,068				23,120	XXX
10. Outside referrals	.0												XXX
11. Emergency room and out-of-area	1,802,763							1,792,749				10,014	XXX
12. Prescription Drugs	8,867,152	.0	.0	.0	.0	.0	.0	8,812,124	.0	.0	.0	55,028	XXX
13. Aggregate write-ins for other hospital and medical	.0									.0		.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	147,000							147,000					XXX
15. Subtotal (Lines 8 to 14)	39,156,333	.0	.0	.0	.0	.0	.0	38,933,873	.0	.0	.0	222,460	XXX
16. Net reinsurance recoveries	87,395							87,395					XXX
17. Total medical and hospital (Lines 15 minus 16)	39,068,938	.0	.0	.0	.0	.0	.0	38,846,478	.0	.0	.0	222,460	XXX
18. Non-health claims (net)	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ cost containment expenses	1,262,553							1,255,540				7,013	
20. General administrative expenses	7,163,522							7,123,730				39,792	
21. Increase in reserves for accident and health contracts	.0												XXX
22. Increase in reserves for life contracts	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
23. Total underwriting deductions (Lines 17 to 22)	47,495,013	.0	.0	.0	.0	.0	.0	47,225,748	.0	.0	.0	269,265	.0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	1,032,403	0	0	0	0	0	0	1,032,111	0	0	0	292	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399.	Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.....0
2. Medicare Supplement .....				.....0
3. Dental Only.....				.....0
4. Vision Only.....				.....0
5. Federal Employees Health Benefits Plan .....				.....0
6. Title XVIII - Medicare .....				.....0
7. Title XIX - Medicaid.....	48,558,188		300,329	48,257,859
8. Stop Loss .....				.....0
9. Disability Income .....				.....0
10. Long-term care .....				.....0
11. Other health.....	271,352		1,795	269,557
12. Health subtotal (Lines 1 through 11) .....	48,829,540	.....0	302,124	48,527,416
13. Life .....				.....0
14. Property/Casualty .....				.....0
15. Totals (Lines 12 to 14)	48,829,540	0	302,124	48,527,416



UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	38,196,362							38,095,464				100,898	
1.2 Reinsurance assumed	.0												
1.3 Reinsurance ceded	87,395							87,395					
1.4 Net	38,108,967	.0	.0	.0	.0	.0	.0	38,008,069	.0	.0	.0	100,898	.0
2. Paid medical incentive pools and bonuses	.0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	6,555,001	.0	.0	.0	.0	.0	.0	6,421,967	.0	.0	.0	133,034	.0
3.3 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	6,555,001	.0	.0	.0	.0	.0	.0	6,421,967	.0	.0	.0	133,034	.0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	.0												
4.2 Reinsurance assumed	.0												
4.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year	147,000							147,000					
6. Amounts recoverable from reinsurers December 31, current year	.0												
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	5,742,030	.0	.0	.0	.0	.0	.0	5,730,558	.0	.0	.0	11,472	.0
7.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.4 Net	5,742,030	.0	.0	.0	.0	.0	.0	5,730,558	.0	.0	.0	11,472	.0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Accrued medical incentive pools and bonuses, prior year	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Amounts recoverable from reinsurers December 31, prior year	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Incurred Benefits:													
11.1 Direct	39,009,333	.0	.0	.0	.0	.0	.0	38,786,873	.0	.0	.0	222,460	.0
11.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded	87,395	.0	.0	.0	.0	.0	.0	87,395	.0	.0	.0	.0	.0
11.4 Net	38,921,938	.0	.0	.0	.0	.0	.0	38,699,478	.0	.0	.0	222,460	.0
12. Incurred medical incentive pools and bonuses	147,000	.0	.0	.0	.0	.0	.0	147,000	.0	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year													
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	16,145							16,145				0	
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	16,145	0	0	0	0	0	0	16,145	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	6,391,856							6,258,822				133,034	
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	6,391,856	0	0	0	0	0	0	6,258,822	0	0	0	133,034	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	147,000							147,000					
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	147,000	0	0	0	0	0	0	147,000	0	0	0	0	0
4. TOTALS:													
4.1. Direct	6,555,001	0	0	0	0	0	0	6,421,967	0	0	0	133,034	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	6,555,001	0	0	0	0	0	0	6,421,967	0	0	0	133,034	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	5,176,172	32,831,898	74	6,526,899	5,176,246	5,730,558
8. Other health	16,339	84,559	0	28,027	16,339	11,472
9. Health subtotal (Lines 1 to 8)	5,192,511	32,916,457	74	6,554,926	5,192,585	5,742,030
10. Other non-health					0	0
11. Medical incentive pools, and bonus amounts				147,000	0	0
12. Totals (Lines 9 to 11)	5,192,511	32,916,457	74	6,701,926	5,192,585	5,742,030

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior		2,367		.5		
2. 2000		22,224	3,943	.0		
3. 2001		XXX	.59			
4. 2002			20,477	4,374	17	
5. 2003		XXX	XXX	25,562	3,932	.5
6. 2004		XXX	XXX	XXX	35,088	5,171
		XXX	XXX	XXX	XXX	32,979

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior		2,316	19	.0		
2. 2000		29,419	4,047	134	.0	
3. 2001		XXX	28,848	5,738	.0	
4. 2002		XXX	XXX	29,526	4,254	.5
5. 2003		XXX	XXX	XXX	40,952	5,171
6. 2004		XXX	XXX	XXX	XXX	39,359

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000		.0	.0		0.0	.0	0.0			.0	0.0
2. 2001		.0	.0	.0	0.0	.0	0.0			.0	0.0
3. 2002		.0	.5		0.0	.5	0.0			.5	0.0
4. 2003		.0	5,171	.176	3.4	5,347	0.0			5,347	0.0
5. 2004		48,258	32,979	1,080	3.3	34,059	70.6	6,674	173	40,906	84.8

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior		15	.0	.0	.0	
2. 2000		61	17	.0	.0	
3. 2001		XXX	90	.20	.0	
4. 2002		XXX	XXX	92	21	.0
5. 2003		XXX	XXX	XXX	99	16
6. 2004		XXX	XXX	XXX	XXX	85

Section B – Incurred Health Claims - Other

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior		15	.0	.0	.0	
2. 2000		82	17	.0	.0	
3. 2001		XXX	122	20	.0	
4. 2002		XXX	XXX	118	.0	
5. 2003		XXX	XXX	XXX	132	16
6. 2004		XXX	XXX	XXX	XXX	113

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2000	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001	.0	.0		0.0	.0	0.0			.0	0.0
3. 2002	.0	.0		0.0	.0	0.0			.0	0.0
4. 2003	.0	16	1	6.3	17	0.0			17	0.0
5. 2004	269	85	6	7.1	91	33.8	28		119	44.2

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Grand Total

	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	2,382	.5	.0	.0	.0
2. 2000	22,285	3,960	.59	.0	.0
3. 2001	XXX	20,567	4,394	17	.0
4. 2002	XXX	XXX	25,654	3,953	.5
5. 2003	XXX	XXX	XXX	35,167	5,187
6. 2004	XXX	XXX	XXX	XXX	33,064

Section B - Incurred Health Claims - Grand Total

	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	2,331	.19	.0	.0	.0
2. 2000	29,501	4,064	.134	.0	.0
3. 2001	XXX	28,970	5,758	.0	.0
4. 2002	XXX	XXX	29,644	4,254	.5
5. 2003	XXX	XXX	XXX	41,084	5,187
6. 2004	XXX	XXX	XXX	XXX	39,472

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2000	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2001	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
3. 2002	.0	.5	.0	0.0	.5	0.0	.0	.0	.5	0.0
4. 2003	.0	5,187	.177	3.4	5,364	0.0	.0	.0	5,364	0.0
5. 2004	48,527	33,064	1,086	3.3	34,150	70.4	6,702	173	41,025	84.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves	.0											
2. Additional policy reserves (a)	.0											
3. Reserve for future contingent benefits	.0											
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income)	.0											
5. Aggregate write-ins for other policy reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded	.0											
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	.0											
10. Reserve for future contingent benefits	.0											
11. Aggregate write-ins for other claim reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ .....for occupancy of own building).....		28,729	82,047		110,776
2. Salaries, wages and other benefits.....		590,548	1,686,528		2,277,076
3. Commissions (less \$ .....ceded plus \$ ..... Assumed.....		0	0		0
4. Legal fees and expenses.....		10,601	39,103		49,704
5. Certifications and accreditation fees.....		26	16,926		16,952
6. Auditing, actuarial and other consulting services.....		8,766	40,552		49,318
7. Traveling expenses.....		12,410	38,020		50,430
8. Marketing and advertising.....		5,136	16,390		21,526
9. Postage, express and telephone.....		16,142	69,518		85,660
10. Printing and office supplies.....		36,210	144,927		181,137
11. Occupancy, depreciation and amortization.....		0	0		0
12. Equipment.....		0	0		0
13. Cost or depreciation of EDP equipment and software.....		2,137	37,291		39,428
14. Outsourced services including EDP, claims, and other services.....		486,813	1,781,738		2,268,551
15. Boards, bureaus and association fees.....		1,809	5,475		7,284
16. Insurance, except on real estate.....		12,562	35,876		48,438
17. Collection and bank service charges.....		152	10,228		10,380
18. Group service and administration fees.....		0	0		0
19. Reimbursements by uninsured accident and health plans.....		0	0		0
20. Reimbursements from fiscal intermediaries.....		0	0		0
21. Real estate expenses.....		0	0		0
22. Real estate taxes.....		0	0		0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....		6,555	40,678		47,233
23.2 State premium taxes.....		0	0		0
23.3 Regulatory authority licenses and fees.....		0	0		0
23.4 Payroll taxes.....		43,957	125,536		169,493
23.5 Other (excluding federal income and real estate taxes).....		0	0		0
24. Investment expenses not included elsewhere.....		0	0		0
25. Aggregate write-ins for expenses.....	0	0	2,992,689	0	2,992,689
26. Total expenses incurred (Lines 1 to 25).....	0	1,262,553	7,163,522	0	(a).....0
27. Less expenses unpaid December 31, current year.....		173,000	2,016		175,016
28. Add expenses unpaid December 31, prior year.....		157,970	950,495		1,108,465
29. Amounts receivable related to uninsured accident and health plans, prior year.....					0
30. Amounts receivable related to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	1,247,523	8,112,001	0	9,359,524
DETAIL OF WRITE-INS					
2501. MPCA - Outreach Program.....			79,601		79,601
2502. QAAP Tax Assessment.....			2,913,088		2,913,088
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	2,992,689	0	2,992,689

(a) Includes management fees of \$ .....3,605,687 to affiliates and \$ .....to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) .....1,998	.....2,172
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....	.....
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e) .....125,145	.....140,638
7.	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	127,143	.....142,810
11.	Investment expenses .....		(g) .....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16)		142,810
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$ .....accrual of discount less \$ .....112 amortization of premium and less \$ .....paid for accrued interest on purchases.  
(b) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued dividends on purchases.  
(c) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.  
(d) Includes \$ .....for company's occupancy of its own buildings; and excludes \$ .....interest on encumbrances.  
(e) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.  
(f) Includes \$ .....accrual of discount less \$ .....amortization of premium.  
(g) Includes \$ .....investment expenses and \$ .....investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$ .....interest on surplus notes and \$ .....interest on capital notes.  
(i) Includes \$ .....depreciation on real estate and \$ .....depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				.....0
1.1	Bonds exempt from U.S. tax .....				.....0
1.2	Other bonds (unaffiliated) .....				.....0
1.3	Bonds of affiliates .....				.....0
2.1	Preferred stocks (unaffiliated) .....				.....0
2.11	Preferred stocks of affiliates .....				.....0
2.2	Common stocks (unaffiliated) .....				.....0
2.21	Common stocks of affiliates .....				.....0
3.	Mortgage loans .....				.....0
4.	Real estate .....				.....0
5.	Contract loans .....				.....0
6.	Cash, cash equivalents and short-term investments .....				.....0
7.	Derivative instruments .....				.....0
8.	Other invested assets .....				.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses) .....	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA) .....	0	0	0
6. Contract loans .....	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0
8. Receivable for securities .....	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	0	0	0
11. Investment income due and accrued .....	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers .....	0	0	0
13.2 Funds held by or deposited with reinsured companies .....	0	0	0
13.3 Other amounts receivable under reinsurance contracts .....	0	0	0
14. Amounts receivable relating to uninsured plans .....	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
15.2 Net deferred tax asset.....	0	0	0
16. Guaranty funds receivable or on deposit .....	0	0	0
17. Electronic data processing equipment and software.....	0	2,294	2,294
18. Furniture and equipment, including health care delivery assets.....	0	12,802	12,802
19. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
20. Receivables from parent, subsidiaries and affiliates .....	0	0	0
21. Health care and other amounts receivable.....	0	0	0
22. Other assets nonadmitted .....	0	0	0
23. Aggregate write-ins for other than invested assets .....	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	0	15,096	15,096
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	0	15,096	15,096
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. ....			
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	26,195	26,523	26,527	25,914	26,025	314,959
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	26,195	26,523	26,527	25,914	26,025	314,959
DETAILS OF WRITE-INS						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

A) **Accounting Practices**

The 2004 Annual Statement has been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, and the preparation of the financial statements are in conformity with the Annual Statement Instructions.

B) **Use of Estimates in the Preparation of the Financial Statements**

The estimates used in the preparation of the financial statements conformed to the Annual Statement Instructions and Accounting Practices and Procedures manual.

C) **Accounting Policy**

Reinsurance premiums and experience refunds were netted against premium revenue and pharmaceutical rebates and psychotropic drug reimbursements were netted against pharmacy expenses.

### Note 2 - Accounting Changes and Corrections of Errors

Psychotropic drug reimbursements of \$4,147,060 are being netted against pharmacy expenses. Also, the Plan's auditors made Federal and Single Business Tax adjustments to 2003 net income after the 2003 Annual Statement was filed. These adjustments were a \$49,068 increase to 2003 net income.

### Note 3 - Business Combinations and Goodwill

NONE

### Note 4 - Discontinued Operations

NONE

### Note 5 - Investments

NONE

### Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

NONE

### Note 7 – Investment Income

As of December 31, 2004, the Plan has \$21,250 of admitted investment income due and accrued and included in the statement of revenue and expenses. The sources of this income are included in the Exhibit of Net Investment Income.

### Note 8 - Derivative Instruments

NONE

### Note 9 - Income Taxes

Tax liabilities are reflected in the reported company earnings. The Plan had a tax liability of \$75,045 as of the December 31, 2004.

### Note 10- Information Concerning Parent, Subsidiaries, and Affiliates

- A) The Plan is owned by fourteen 501(c)3 healthcare organizations with each owning various percentages. Only two hospitals control over 10% of the Plan. Marquette General Health System owns 57.71% and Portage Health System owns 10.03% of the Plan's outstanding common stock.
- B) The Company sold the net book value of its fixed assets to the Affiliate Company, Upper Peninsula Managed Care, LLC, on September 30, 2004, totaling \$159,608.
- C) The Plan paid a management fee of \$3,605,687 to its management company, Upper Peninsula Managed Care, LLC in 2004. All transactions are covered under Note 10-Part F.
- D) NONE
- E) NONE
- F) The Plan has a Management Service Agreement with its affiliate. This agreement spells out all administrative services provided by the company and includes methods of reimbursement for services performed. This agreement was approved by OFIS.
- G) There are no shares of voting common stock in the Company. All 100 voting shares were recalled as a result of a change in control effective April 1, 2004.
- H) NONE
- I) NONE
- J) NONE

## NOTES TO FINANCIAL STATEMENTS

### Note 11- Debt

The Plan has a \$1,000,000 long-term line of credit (LOC) with Wells Fargo Bank. This LOC has a variable rate of .25% over prime rate. The Plan has a \$0.00 balance outstanding as of December 31, 2004.

### Note 12- Retirement Plans, Deferred Compensation, Postemployment Benefits & Compensated Absences, and other Postretirement Benefit Plans

NONE

### Note 13- Capital, Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

As of December 31, 2004, the Plan's capital and surplus is \$5,135,203. The Plan is concentrating on increasing its capital surplus and RBC. As of 12/31/04, the Plan's RBC is at 251%.

### Note 14- Contingencies

NONE

### Note 15- Leases

NONE

### Note 16- Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

NONE

### Note 17- Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

NONE

### Note 18- Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NONE

### Note 19- Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

NONE

### Note 20- Other Items

NONE

### Note 21- Events Subsequent

The Plan has reorganized to become a not-for-profit entity. The reorganization plan was approved by the Commissioner of the Michigan Office of Financial and Insurance Services (OFIS) in February 2004 with a change in control effective April 1, 2004. This process consisted of eliminating the U.P. Network, LLC and U.P. Physicians, LLC and dissolving the affiliation with the parent company by recalling the 100 shares of voting common stock. After the reorganization, the Plan is now a Medicaid only HMO owned by 14 not-for-profit community hospitals. The hospital ownership ranges from less than 1% to 57.71% with two hospitals owning more than 10% of the Plan. The IRS has been petitioned for not-for-profit status and the status is still pending as of December 31, 2004.

The pharmaceutical rebate of \$25,000 reported in Exhibit 3 - Health Care Receivables was received on January 7th, 2005 in full.

### Note 22- Reinsurance

The Plan recovered \$87,395 in reinsurance claims in 2004 for an incident with dates of service from August through October 2003.

### Note 23- Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Plan's current book of business is the Michigan Managed Medicaid and MICHild contracts. The Plan has no retroactive features in its contracts.

### Note 24- Change in Incurred Claims and Claim Adjustment Expense

NONE

NOTES TO FINANCIAL STATEMENTS

**Note 25- Intercompany Pooling Arrangements**

NONE

**Note 26- Structured Settlement**

NONE

**Note 27- Health Care Receivables**

The Plan’s health care receivables as of December 31, 2004 totaled \$375,106 and consisted of psychotropic drug reimbursements from the State of Michigan Medicaid Program carve-out (\$205,968), maternity case rates (\$141,984) for children born to mothers in Plan, and pharmacy rebates (\$25,000) and general receivables (\$2,154).

**Note 28- Participating Policies**

NONE

**Note 29- Premium Deficiency Reserves**

NONE

**Note 30- Anticipated Salvage and Subrogation**

The Plan signed a contract with the First Recovery Group of Southfield, Michigan in September 2001. This contract enables The First Recovery Group to investigate, identify, and collect subrogation recoveries on behalf of the Upper Peninsula Health Plan, Inc. In 2004, First Recovery Group recovered \$48,641 for the Plan.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....	25,145	.0.215	25,145	.0.215
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies .....		.0.000		.0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		.0.000		.0.000
1.43 Revenue and assessment obligations .....		.0.000		.0.000
1.44 Industrial development and similar obligations .....		.0.000		.0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		.0.000		.0.000
1.513 All other .....		.0.000		.0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		.0.000		.0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		.0.000		.0.000
1.523 All other .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated .....		.0.000		.0.000
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
4.6 Mezzanine real estate loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		.0.000	.0	.0.000
5.2 Property held for the production of income (includes \$ .....of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (\$ .....including property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Policy loans .....		.0.000		.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash, cash equivalents and short-term investments .....	11,665,763	99.785	11,665,763	99.785
9. Other invested assets .....		0.000	0	0.000
10. Total invested assets	11,690,908	100.000	11,690,908	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [ X ] No [ ]
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [ X ] No [ ] NA [ ]
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ X ] No [ ]
- 2.2

If yes, date of change:

04/01/2004

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

06/30/2001
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

06/30/2001
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

08/19/2002
- 3.4

By what department or departments?
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [ ] No [ X ]

4.12 renewals?

Yes [ ] No [ X ]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [ ] No [ X ]

4.22 renewals?

Yes [ ] No [ X ]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ] No [ X ]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [ ] No [ X ]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [ ] No [ X ]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity



GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? .....

Yes [ ] No [ X ]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms? .....

Yes [ ] No [ X ]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Houle & Associates, P.C., 309 S. Front St., Marquette, MI 49855
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Milliman, 15800 Bluemount Rd, Brookfield, WI 53005
11.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? .....

Yes [ ] No [ ]
- 11.3

Have there been any changes made to any of the trust indentures during the year? .....

Yes [ ] No [ ]
- 11.4

If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? .....

Yes [ ] No [ ] NA [ ]

BOARD OF DIRECTORS

12.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? .....

Yes [ X ] No [ ]
13.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? .....

Yes [ X ] No [ ]
14.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.

Yes [ X ] No [ ]

FINANCIAL

- 15.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers ..

\$ .....0

15.12 To stockholders not officers ...

\$ .....0

15.13 Trustees, supreme or grand (Fraternal only) .....

\$ .....0
- 15.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers ...

\$ .....0

15.22 To stockholders not officers ....

\$ .....0

15.23 Trustees, supreme or grand (Fraternal only) .....

\$ .....0
- 16.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? .....

Yes [ ] No [ X ]
- 16.2

If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others .....

\$ .....0

16.22 Borrowed from others .....

\$ .....0

16.23 Leased from others .....

\$ .....0

16.24 Other .....

\$ .....0
- Disclose in Notes to Financial the nature of each obligation.
- 17.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? .....

Yes [ ] No [ X ]
- 17.2

If answer is yes,

17.21 Amount paid as losses or risk adjustment .....

\$ .....0

17.22 Amount paid as expenses .....

\$ .....0

17.23 Other amounts paid .....

\$ .....0

GENERAL INTERROGATORIES  
INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[ ]	[ ]	[ ]	[ ]
Common	60,000	10,100	1.000	XXX	XXX	XXX	XXX	XXX

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? ..... Yes [ X ] No [ ]

19.2 If no, give full and complete information relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) ..... Yes [ ] No [ X ]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21

Loaned to others .....

\$.....

20.22

Subject to repurchase agreements .....

\$.....

20.23

Subject to reverse repurchase agreements .....

\$.....

20.24

Subject to dollar repurchase agreements .....

\$.....

20.25

Subject to reverse dollar repurchase agreements .....

\$.....

20.26

Pledged as collateral .....

\$.....

20.27

Placed under option agreements .....

\$.....

20.28

Letter stock or other securities restricted as to sale ...

\$.....

20.29

Other .....

\$.....

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ X ]  
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]

22.2 If yes, state the amount thereof at December 31 of the current year. .... \$.....

GENERAL INTERROGATORIES

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ X ] No [ ]

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Wells Fargo Institutional Trust Services.....	101 W. Washington St., Marquette, MI 49855.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....	.....	.....
.....	.....	.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? ..... Yes [ ] No [ X ]

23.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....	.....	.....	.....
.....	.....	.....	.....

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
.....	.....	.....
.....	.....	.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [ ] No [ X ]

24.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....	.....	.....
.....	.....	.....
9999999. TOTAL		0

24.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....	.....	.....	.....
.....	.....	.....	.....

GENERAL INTERROGATORIES  
INVESTMENT

25. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
25.1 Bonds.....	25,145	26,879	1,734
25.2 Preferred stocks.....	0		0
25.3 Totals	25,145	26,879	1,734

25.4 Describe the sources or methods utilized in determining fair values:

26.1 Have all the filing requirements of the *Purposes and Procedures* manual of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]

26.2 If no, list the exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$ .....

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

28.1 Amount of payments for legal expenses, if any?.....\$ .....

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$ .....

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? .....

1.2 If yes, indicate premium earned on U. S. business only .....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....

1.31 Reason for excluding .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ....

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. ....

1.6 Individual policies:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health Test:

2.1 Premium Numerator

2.2 Premium Denominator

2.3 Premium Ratio (2.1/2.2)

2.4 Reserve Numerator

2.5 Reserve Denominator

2.6 Reserve Ratio (2.4/2.5)

1

Current Year

48,257,859

2

Prior Year

0

0

0.994

0

0

0.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? .....

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? .....

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? .....

5.1 Does the reporting entity have stop-loss reinsurance? .....

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical .....

5.32 Medical Only .....

5.33 Medicare Supplement .....

5.34 Dental .....

5.35 Other Limited Benefit Plan .....

5.36 Other .....

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Solvency protection in provider contracts and stop policy.

7.1 Does the reporting entity set up its claim liability for provider services on a service data base? .....

7.2 If no, give details:

8. Provide the following Information regarding participating providers:

8.1 Number of providers at start of reporting year .....

8.2 Number of providers at end of reporting year .....

9.1 Does the reporting entity have business subject to premium rate guarantees? .....

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months .....

9.22 Business with rate guarantees over 36 months .....

Yes [ ] No [ X ]

Yes [ ] No [ X ]

Yes [ X ] No [ ]

Yes [ ] No [ X ]

Yes [ X ] No [ ]

100,000

749

745

Yes [ ] No [ X ]

28

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? ..... Yes ☒ No ☐
- 10.2 If yes:

10.21 Maximum amount payable bonuses ..... \$.....147,000

10.22 Amount actually paid for year bonuses ..... \$.....

10.23 Maximum amount payable withholds ..... \$.....

10.24 Amount actually paid for year withholds ..... \$.....
- 11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, ..... Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or, ..... Yes ☒ No ☐

11.14 A Mixed Model (combination of above) ?..... Yes ☐ No ☒
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes ☒ No ☐
- 11.3 If yes, show the name of the state requiring such net worth. ....Michigan
- 11.4 If yes, show the amount required. .... \$.....2,044,255
- 11.5 Is this amount included as part of a contingency reserve in stockholders equity? ..... Yes ☐ No ☒
- 11.6 If the amount is calculated, show the calculation.
12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Region 8: which includes all counties in Michigan's Upper Peninsula.....

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	12,087,264	11,684,785	8,583,216	8,249,635	6,300,125
2. Total liabilities (Page 3, Line 22) .....	6,952,061	7,377,515	5,575,929	6,172,804	6,165,203
3. Statutory surplus .....		0	0	0	0
4. Total capital and surplus (Page 3, Line 30) .....	5,135,203	4,307,270	3,007,287	2,076,831	134,922
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....	48,527,416	46,490,976	32,420,752	30,935,527	29,959,827
6. Total medical and hospital expenses (Line 18) .....	39,068,938	39,608,278	29,644,306	26,424,098	26,791,413
7. Claims adjustment expenses (Line 20) .....	1,262,553	2,409,770			
8. Total administrative expenses (Line 21) .....	7,163,522	3,209,934	1,138,081	3,194,368	2,999,537
9. Net underwriting gain (loss) (Line 24) .....	1,032,403	1,262,994	6,276	1,317,061	0
10. Net investment gain (loss) (Line 27) .....	142,810	78,827	97,234	163,648	0
11. Total other income (Lines 28 plus 29) .....	0	0	0	0	0
12. Net income (loss) (Line 32) .....	763,892	814,801	25,780	1,480,709	168,877
<b>RISK - BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital.....	5,135,203	4,307,270	3,007,287	2,076,831	134,922
14. Authorized control level risk-based capital.....	2,044,255	2,095,361	1,730,498	1,566,051	1,519,019
<b>ENROLLMENT (Exhibit 1)</b>					
15. Total members at end of period (Column 5, Line 7) .....	26,025	26,195	19,052	18,245	16,733
16. Total member months (Column 6, Line 7) .....	314,959	311,820	230,768	211,433	222,949
<b>OPERATING PERCENTAGE (Page 4)</b>					
<b>(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0</b>					
17. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18) .....	80.5	85.2	91.4	85.1	89.7
19. Cost containment expenses .....	0	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses .....	3				
21. Total underwriting deductions (Line 23) .....	97.9	97.3	100.0	100.0	100.0
22. Total underwriting gain (loss) (Line 24) .....	2.1	2.7	0.0	0.0	0.0
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, Part 2B)</b>					
23. Total claims incurred for prior years (Line 12, Col. 5) .....	5,192,585	3,974,698	5,892,415	4,252,287	1,161,287
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)] .....	5,742,030	5,429,000	6,028,022	5,579,011	3,051,469
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	0	0	0	0	0
29. Affiliated mortgage loans on real estate .....		0	0	0	0
30. All other affiliated .....		0	0	0	0
31. Total of above Lines 25 to 30 .....	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States .....	25,145	26,879	25,563	25,000
	2. Canada .....				
	3. Other Countries .....				
	4. Totals	25,145	26,879	25,563	25,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. <b>Total Bonds</b>	25,145	26,879	25,563	25,000
<b>PREFERRED STOCKS</b> Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. <b>Total Preferred Stocks</b>	0	0	0	
<b>COMMON STOCKS</b> Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. <b>Total Common Stocks</b>	0	0	0	
	55. <b>Total Stocks</b>	0	0	0	
	56. <b>Total Bonds and Stocks</b>	25,145	26,879	25,563	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....	45,257	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	0	6.1 Column 15, Part 1 .....	0
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Sec. 1 .....	0
3.1 Columns 12 + 13 - 14, Part 1 .....	(112)	6.3 Column 16, Part 2, Sec. 2 .....	0
3.2 Column 18, Part 2, Sec. 1 .....	0	6.4 Column 15, Part 4 .....	0
3.3 Column 15, Part 2, Sec. 2 .....	0	7. Book/adjusted carrying value at end of current period .....	25,145
3.4 Column 14, Part 4 .....	0	8. Total valuation allowance .....	
4. Total gain (loss), Col. 19, Part 4 .....	0	9. Subtotal (Lines 7 plus 8) .....	25,145
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted amounts .....	
Column 7, Part 4 .....	20,000	11. Statement value of bonds and stocks, current period .....	25,145



SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/Casualty Premiums
			Premiums	Medicare Title XVIII	Medicaid Title XIX			
1. Alabama.....AL								
2. Alaska.....AK								
3. Arizona.....AZ								
4. Arkansas.....AR								
5. California.....CA								
6. Colorado.....CO								
7. Connecticut.....CT								
8. Delaware.....DE								
9. District of Columbia.....DC								
10. Florida.....FL								
11. Georgia.....GA								
12. Hawaii.....HI								
13. Idaho.....ID								
14. Illinois.....IL								
15. Indiana.....IN								
16. Iowa.....IA								
17. Kansas.....KS								
18. Kentucky.....KY								
19. Louisiana.....LA								
20. Maine.....ME								
21. Maryland.....MD								
22. Massachusetts.....MA								
23. Michigan.....MI	No	Yes	271,352		48,558,188			
24. Minnesota.....MN								
25. Mississippi.....MS								
26. Missouri.....MO								
27. Montana.....MT								
28. Nebraska.....NE								
29. Nevada.....NV								
30. New Hampshire.....NH								
31. New Jersey.....NJ								
32. New Mexico.....NM								
33. New York.....NY								
34. North Carolina.....NC								
35. North Dakota.....ND								
36. Ohio.....OH								
37. Oklahoma.....OK								
38. Oregon.....OR								
39. Pennsylvania.....PA								
40. Rhode Island.....RI								
41. South Carolina.....SC								
42. South Dakota.....SD								
43. Tennessee.....TN								
44. Texas.....TX								
45. Utah.....UT								
46. Vermont.....VT								
47. Virginia.....VA								
48. Washington.....WA								
49. West Virginia.....WV								
50. Wisconsin.....WI								
51. Wyoming.....WY								
52. American Samoa.....AS								
53. Guam.....GU								
54. Puerto Rico.....PR								
55. U.S. Virgin Islands.....VI								
56. Canada.....CN								
57. Aggregate other alien.....OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	271,352	0	48,558,188	0	0	0
DETAILS OF WRITE-INS								
5701. ....	XXX	XXX						
5702. ....	XXX	XXX						
5703. ....	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:  
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

